

Message Text

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ACTION NEA-12

INFO OCT-01 EUR-25 EA-11 ADP-00 CIAE-00 DODE-00 PM-07 H-02

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USIA-12 SAJ-01 IO-12 AID-20 TRSE-00 EB-11 COME-00

OMB-01 AGR-20 NIC-01 RSR-01 /180 W
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R 211135 Z MAY 73

FM AMEMBASSY COLOMBO

TO SECSTATE WASHDC 9530

INFO AMEMBASSY DACCA

AMCONSUL HONG KONG

AMEMBASSY KABUL

AMEMBASSY KATHANDU

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY NEW DELHI

AMEMBASSY TAIPEI

AMEMBASSY TOKYO

CINCPAC

S E C R E T SECTION 1 OF 2 COLOMBO 1281

NOFORN

E. O. 11652/ XGDS-2

TAGS: PFOR, PINT, CE, CH

SUBJ: SINO- SRI LANKA RELATIONS ON OPENING OF BANDRANAIKE HALL

1. SUMMARY: 17 MAY OPENING OF PRC DONATED BANDARANAIKE MEMORIAL INTERNATIONAL CONFERENCE HALL SYMBOLIZED HAPPY STATE OF PRC-GSL RELATIONSHIP, WHICH PARTICULARLY UNDER BANDARANAIKE GOVERNMENTS HAS BEEN REMARKABLY CORDIAL. FOR SRILANKA THE VALUE OF CHINESE CONNECTION IS PRIMARILY ECONOMIC, PRC HAVING OVER THE YEARS COME TO CEYLONSE AID IN SUBSTANTIAL WAY. CHINESE FRIENDSHIP ALSO PROVIDES STRONG COMFORT TO GSL IN CONTEXT ITS EVER PRESENT DISTRUST OF INDIAN AND ITS SUSPICIONS

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OF SOVIETS, ESPECIALLY SINCE EVENTS OF 71. FOR PRC, SRI LANKA SEEMS TO SERVE AS WELCOME ASSET IN TERMS OF ITS POWER POSITION IN SOUTH ASIA. IT IS ALSO MINDFUL OF STEADY CEYLONese SUPPORT ON MANY ISSUES SINCE MID-1950' S. GSL- PRC MUTUALITY OF INTEREST IS SOLIDLY BASED AND IS LIKELY TO PERSIST FOR FORESEEABLE FUTURE. CHINESE SEEM SATISFIED WITH THEIR PRESENT POSITION IN SRI LANKA, HOWEVER, AND APPARENTLY DO NOT WISH TO INCREASE LEVEL OF THEIR ECONOMIC COMMITMENT HERE. AT SAME TIME GSL VALUES ITS NON- ALIGNED IMAGE AND GOOD RELATIONS WITH UNITED STATES , AND THERE IS NO CURRENT PROSPECT OF EXCLUSIVE OR EXCESSIVE PRC INFLUENCE OVER SRI LANKA' S ACTIONS. AIRGRAM FOLLOWS. END SUMMARY

2. FORMAL OPENING MAY 17 OF PRC FINANCED AND CONSTRUCTED BANDARANAIKE MEMORIAL INTERNATIONAL CONFERENCE HALL SYMBOLIZES WARMTH OF PRC SRI LANKA BILATERAL RELATIONSHIP. POSITIVE STATE OF SINO- CEYLONese RELATIONS, IN TERMS OF THEIR MATERIAL BENEFITS TO SRI LANKA AND THEIR KEY ROLE IN GSL FOREIGN POLICY, REPRESENTS ONE OF OUTSTANDING ACHIEVEMENTS OF MRS. B' S GOVERNMENT. CORNERSTONE OF HALL WAS LAID IN 1964 BY CHOU EN- LAI DURING PM' S FIRST TERM IN OFFICE AND CONSTRUCTION BEGAN SOON AFTER HER RETURN TO POWER IN 1970. THUS, ITS EXISTENCE POINTS TO CLOSE PERSONAL ASSOCIATION OF PM AND OF SRI LANKA FREEDOM PARTY (LARGEST ELEMENT OF COALITION GOVERNMENT) WITH PRC, TIE DATING BACK TO TIME OF LATE PM S. W. R. D. BANDARANAIKE. LINE BETWEEN UNITED FRONT GOVERNMENT AND PRC FURTHER UNDERLINED BY TIMING HALL' S DEDICATION WITH TWO OTHER UFG LANDMARKS: FIRST ANNIVERSARY OF NEW REPUBLICAN CONSTITUTION ON MAY 22 AND THIRD ANNIVERSARY OF UFG' S COMING TO POWER ON MAY 27. HALL IS ONE OF VERY FEW PROJECTS TO BE SUCCESSFULLY COMPLETED BY THIS GOVERNMENT SINCE 1970 AND HENCE CONSTITUTES MILESTONE, BOTH PHYSICAL AND SYMBOLIC, FOR UFG AT TIME WHEN ITS OTHER PROSPECTS SEEM FEW AND DIM.

3. COMPLETION OF HALL IS SYMBOL OF INCREASINGLY CLOSE IDENTITY OF INTERESTS AND OUTLOOK BETWEEN SRI LANKA AND PRC, SITUATION WHICH HAS COME FULL CIRCLE FROM VERY STIFF RELATIONS BETWEEN TWO COUNTRIES AT TIME OF APRIL- MAY 1971 INSURGENCY IN SRI LANKA. AT THAT POINT, COMMUNIST PARTY/ PEKING BACKGROUND OF MANY INSURGENT LEADERS, EXTREME LEFTIST CHARACTER OF INSURRECTION, AND MEMORIES OF CULTURAL REVOLUTION IN CHINA

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LED GSL SERIOUSLY TO CONSIDER POSSIBILITY THAT CHINESE WERE BACKING AND/ OR INVOLVED IN OUTBREAK. WITH PRC BONA FIDES AT STAKE, CHINESE LAUNCHED MAJOR INITIATIVE TO REESTABLISH RELATIONS ON SOUND FOOTING. THEY WERE HIGHLY SUCCESSFUL; BARELY A YEAR LATER, IN JUNE- JULY 72, MRS. B RECEIVED TRIUMPHAL WELCOME IN PEKING.

4. AT FOUNDATION OF CORDIAL PRC- GSL RELATIONSHIP IS BLENDING OF CHINESE STRATEGIC INTEREST IN COUNTERING SOVIET AND INDIAN REGIONAL POLICIES AND GSL' S EFFORT TO MAINTAIN THE BROADEST POSSIBLE RANGE OF OPTIONS IN ITS INTERNATIONAL POSTURE. ITS MORTAR IS SRI LANKA' S DEPENDENCE ON FOREIGN AID. INDEED, FOR CEYLONESE, VALUE OF CHINESE CONNECTION IS PRIMARILY ECONOMIC, WITH LARGER POLITICAL CONSIDERATIONS OF RELATIVELY RECENT PVXRUVY#. SUCCESSIVE GOVERNMENTS IN COLOMBO HAVE SOUGHT TO BRIDGE GAP BETWEEN COST OF AN EXPANDING WELFARE STATE AND EARNINGS OF STAGNATING AGRICULTURAL- EXPORT ECONOMY BY TURNING TO EXTERNAL DONORS. BEGINNING WITH 1952 RICE- RUBBER PACT NEGOTIATED BY DUDLEY SENANAYAKE UNP GOVERNMENT DESPITE ITS DISTASTE FOR CHINESE REGIME, PRC HAS BEEN WILLING TO PLAY MAJOR ROLE IN EASING CEYLONESE ECONOMIC PLIGHT. SINCE MID-50' S DIRECT ECONOMIC ASSISTANCE FROM PRC IN FORM OF CONCESSIONARY GRANTS AND LOANS HAS CLOSELY REFLECTED CHARACTER OF POLITICAL TIES BETWEEN TWO COUNTRIES. BETWEEN 1957 AND 1964, DURING S. W. R. D. BANDARANAIKE AND FIRST MRS. B' S GOVERNMENTS, PRC AID TOTALED RS 197 MILLION (\$41.5 MILLION). PRO- PEKING DISPOSITION AS RESULT BECAME AN INTERGRAL PART OF " BANDARANAIKE POLICIES" FREQUENTLY CITED AS BEDROCK OF SLFP PHILOSOPHY.

VAN HOLLEN

NOTE BY OC/ T: # AS RECEIVED. WILL SERVICE UPON REQUEST.

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INFO OCT-01 EUR-25 EA-11 ADP-00 CIAE-00 DODE-00 PM-07 H-02

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USIA-12 SAJ-01 IO-12 AID-20 EB-11 COME-00 TRSE-00

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R 211135 Z MAY 73
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5. RETURN TO POWER OF PRIME MINISTER SIRIMAVO BANDARANAIKE IN 1970, AT HEAD OF LEFT- WING COALITION GOVT COMMITTED TO SOCIALIST POLICIES, WAS IN CLEAR ACCORD WITH CHINESE INTERESTS, BUT BEFORE APRIL 1971 EVENTS BOTH GOVTS WERE PREOCCUPIED WITH DOMESTIC AFFAIRS AND LITTLE WAS ONE TO LEFT RELATIONS FROM INDIFFERENT STATEE INTO WHICH THEY HAD FALLEN UNDER UNP GOVT OF 1965-1970. THEN CAME SUSPICIONS OF PRC INVOLVEMENT IN APRIL 1971 INSURGENCY IN SRI LANKA, BUT STRAIN WAS QUICKLY OVERCOME BY PRC OFFER OF \$25 MILLION HARD- CURRENCY LOAN IN MAY 1971 AND CHOU EN- LAI'S DENUNCIATION OF JANATHA VIMUKTHI PERAMUNA (JVP), ORGANIZER OF INSURRECTION. NUMBER OF TRADE AGREEMENTS, EXTERNAL AID COMMITMENTS, AND ARMS DELIVERIES FOLLOWED, THEREBY DEVELOPING BROAD FRONT OF PRC- GSL COOPERATION AND
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CONSTITUTING WELCOME INPUT INTO BLEAK ECONOMIC SITUATION.

6. WHILE ECONOMIC ASSISTANCE HAS BEEN PRIME TOOL IN EXPANDING CHINESE INFLUENCE WITHIN GSL, RECENT REGIONAL DEVELOPMENTS (INDO- SOVIET FRIENDSHIP TREATY, INDO- PAKISTANI WAR, AND CREATION OF BANGLADESH) HAVE IN ADDITION PROVIDED TELLING POLITICAL RATIONALE AND INCENTIVE TO GSL TILT IN CHINA'S FAVOR. JULY 1972 COMMUNIQUE ISSUED AT CONCLUSION SRI LANKA PRIME MINISTERS VISIT TO PEKING THUS RECORDED IDENTITY OF VIEWS ON BROAD RANGE OF INTERNATIONAL ISSUES. SPECIAL PROMINENCE WAS ACCORDED TO CHINESE SUPPORT OF INDIAN OCEAN PEACE ZONE CONCEPT INVENTED AND VIGOROUSLY ADVOCATED BY MRS BANDARANAIKE. GSL MINISTRY OF DEFENSE AND FOREIGN AFFAIRS AT THAT TIME PRIVATELY ASSESSED CHINA AS ONLY MAJOR POWER WHICH FAVORS IOPZ, AS STRONG SUPPORTER OF INDEPENDENCE AND SOVEREIGNTY OF SMALL STATES, AS OPPOSED TO HEGEMONY OF GREAT POWERS, AND AS PRACTICING " PRINCIPLED DONATION" OF AID. GSL REMAINS POSITIVE IN ITS VIEWS OF CHINESE POLICY, BUT AT SAME TIME IT IS DETERMINED TO MAINTAIN ITS BASICALLY NON- ALIGNED STANCE.

7. IN THEIR RELATIONS WITH GSL, CHINESE PROFIT FROM WIDESPREAD CEYLONESE SUSPICION OF SOVIETS RESULTING FROM ALLEGATIONS OF USSR INVOLVEMENT IN 1971 INSURGENCY AND FROM SUBSTANTIAL SOVIET TIES WITH INDIA.
THEY ALSO ENJOY SYMPATHY AND RESPECT OF
SIGNIFICANT LEFT- WING FACTION WITHIN MAJORITY SLFP, STEMMING

FROM DRIVE AMONG MANY LEFTISTS TO DEFINE RADICAL, SELF-SUFFICIENT APPROACH TO SRI LANKAS PROBLEMS. PRC AS MODEL FOR THIRD WORLD DEVELOPMENT IS THEREFORE AN IMPORTANT THEME OF LOCAL CHINESE PROPAGANDA AND INFORMATION PROGRAM EFFORTS.

8. PRC PROFILE IN SRI LANKA IS DISCREET. CHINESE DO NOT CONDUCT THEIR RIVALRY WITH SOVIETS IN OVERT MANNER (NOR DO THEY HAVE TO, GIVEN THEIR FRONT- RUNNER POSITION) AND DEVOTE THEIR ATTENTION TO MAINTAINING CORDIAL GOVT- TO- GOVT RELATIONS, EVEN TO NEAR- ABANDONMENT OF CP/ PEKING. CLOSE TIES BETWEEN PRESENT GSL AND PRC CONTRIBUTED SIGNIFICANTLY TO POLARIZATION WITHIN CP/ P, LEADING AT FIRST TO SPLIT BETWEEN PRO- AND ANTI- UFG FACTIONS AND IN NOV 1972 TO FORMATION OF SECOND PRO- PEKING COMMUNIST PARTY. CP/ P IS IN ANY EVENT

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FRINGE PARTY IN SRI LANKA, SMALL IN NUMBERS AND THESE MAINLY TAMIL, WITHOUT ANY SEATS IN PARLIAMENT. CHINESE CURRENTLY APPEAR TO MAINTAIN LITTLE CONTACT WITH EITHER GROUP AND TO EXTEND THEM NO FINANCIAL SUPPORT.

9. ACROSS BROAD SPECTRUM, CHINESE POSITION IN SRI LANKA IS REAL AND WELL- ESTABLISHED. HOWEVER, GSL CONTINUES TO VALUE ITS NON- ALIGNED POSITION, INCLUDING GOOD RELATIONS WITH UNITED STATES. THUS, THOUGH PRC IS SINGLE MOST INFLUENTIAL FOREIGN POWER HERE, THERE IS NO CURRENT PROSPECT THAT CHINESE WILL ESTABLISH EXCLUSIVE OR EXCESSIVE SWAY OVER GSL' S POLICIES OR PROGRAMS. AND WHILE GSL' S GROWING IMPOVERISHMENT OFFERS ROOM FOR STILL LARGER PRC ECONOMIC ROLE, CHINESE ON THEIR PART SEEM SATISFIED WITH BALANCE OF GREAT POWER PRESENCE IN SRI LANKA AND APPEAR TO HAVE IMPOSED LIMITED ON FURTHER COMMITMENTS. (SIGNIFICANTLY, IN THIS REGARD, PLEDGE OF \$5 MILLION HARD- CURRENCY LOAN TO GSL MADE IN AUGUST 1972 WAS WITHDRAWN IN DECEMBER.) NONETHELESS, POSITIVE CHARACTER OF SINO- SRI LANKA RELATIONS IS LIKELY TO PERSIST FOR FORESEEABLE FUTURE. MUTUALITY OF INTEREST IS SOLIDLY BASED AND NEITHER THE POLITICAL- ECONOMIC SITUATION IN SRI LANKA NOR MODUS VIVENDI EMERGING IN SOUTH ASIA GIVES EITHER PARTY ANY INCENTIVE TO PRECIPITATE OR PERMIT A DOWN- GRADING OF THESE RELATIONS.

10. DETAILED AIRGRAM FOLLOWS.

VAN HOLLEN

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*** Current Classification *** SECRET

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Disposition Approved on Date:
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